

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29th DECEMBER 2001

Registered No. 110433



REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 29th December 2001.

Principal Activity

The principal activity of the Company is catalogue mail order retailing.

Review of Developments and Future Prospects

The directors consider the performance of the company to be satisfactory and they remain optimistic about its future prospects.

Results and Dividends

The results of the Company are set out on page 5. The profit for the year is £1,255,000 (year ended 30th December 2000 : loss of £1,726,000). The directors recommend a dividend for the year of £Nil (year ended 30th December 2000 : £2,039,000) and the retained profit of £1,255,000 has been transferred to reserves (year ending 30th December 2000 retained loss of £3,765,000 transferred from reserves).

Creditors Payment Policy

The company pays its creditors in accordance with the payment terms agreed with its suppliers. As at 29th December 2001 creditor days were 24 days (30th December 2000 : 28 days).

Euro

The directors have considered the risks involved with the Euro issue and are of the opinion that group systems are adequately designed to cope with the impact of this additional currency. It is not anticipated that the Euro will have a material impact upon the company.

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT

(Continued)

Directors

The directors who served during the year are shown below :

M. Cheshire
M. Green
M. Greene-Jones
H. Heavisides
A. R. Hill
J. McAulay
P. J. Smith

The directors and their families had no interests in the shares of the Company or of any UK group company at 29th December 2001 or 30th December 2000.

Donations

During the year, the Company made contributions totalling £23,008 (year ended 30th December 2000 : £19,509), all of which were for charitable purposes.

Employee Involvement

The framework of Company wide and departmental consultative and bargaining arrangements which has been developed in previous years continues to operate. In a period of significant challenge, change, and opportunity for the Company, it provides an essential basis for the maintenance of good industrial relations and for developing a deeper understanding of the needs of the business, its employees and its customers.

Disabled Persons

The Company offers appropriate employment, training and promotion to disabled people where the disability does not materially affect work-performance. Should it become necessary, every effort would be made in accordance with this policy to continue the employment of anyone becoming disabled whilst in the service of the Company.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT

(Continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



By order of the Board.
F. W. OAKES.
Secretary.

26 JUNE 2002.

18 Canal Road,
Bradford.
BD99 4XB.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

REDCATS (BRANDS) LIMITED

We have audited the financial statements of Redcats (Brands) Ltd for the year ended 29th December 2001 which comprise the profit and loss account, the reconciliation of movements in equity shareholders' funds, the balance sheet and related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

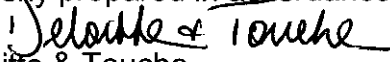
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29th December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

26 JUNE 2002

Chartered Accountants and Registered Auditors
10-12 East Parade
Leeds. LS1 2AJ

REDCATS (BRANDS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29th DECEMBER 2001

	Notes	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
Turnover - Continuing Operations	1	236,315	250,455
Cost of Sales		(143,280)	(148,473)
Gross Profit		93,035	101,982
Net Operating Expenses	1	(90,577)	(102,127)
Operating profit / (loss) - Continuing Operations	1	2,458	(145)
Interest receivable and similar income	2	402	460
Interest payable and similar charges	3	(244)	(844)
Profit / (loss) on ordinary activities before taxation		2,616	(529)
Taxation on profit / (loss) on ordinary activities	5	(1,361)	(1,197)
Profit / (loss) on ordinary activities after taxation for the financial year		1,255	(1,726)
Dividends	6	-	(2,039)
Retained profit / (loss) for the financial year transferred to / (from) reserves	14	1,255	(3,765)

There are no recognised gains and losses other than as stated in the profit and loss account for the current year and previous year. Accordingly no statement of total recognised gains and losses is given.

REDCATS (BRANDS) LIMITED

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 29th DECEMBER 2001

	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
Profit / (loss) for the financial year	1,255	(1,726)
Dividends	-	(2,039)
	-----	-----
Net additions to / (reduction in) shareholders' funds	1,255	(3,765)
Opening equity shareholders' funds	-	3,765
	-----	-----
Closing equity shareholders' funds	1,255	-
	=====	=====

REDCATS (BRANDS) LIMITED

BALANCE SHEET

AS AT 29th DECEMBER 2001

	Note	29 th December 2001 £'000	Restated (note 9) 30 th December 2000 £'000
Fixed assets			
Tangible Assets	7	11,398	12,714
		-----	-----
Current Assets			
Stocks	8	27,856	24,028
Debtors	9	167,758	203,255
Cash at bank and in hand		5,441	2,949
		-----	-----
		201,055	230,232
Creditors: amounts falling due within one year	10	(207,378)	(238,225)
		-----	-----
Net current liabilities		(6,323)	(7,993)
		-----	-----
Total assets less current liabilities		5,075	4,721
Creditors: amounts falling due after more than one year	11	(2,988)	(3,889)
Provisions for liabilities and charges	12	(832)	(832)
		-----	-----
Net assets		1,255	-
		=====	=====
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	1,255	-
		-----	-----
Total Equity Shareholders' Funds		1,255	-
		=====	=====

Approved by the Board on 26 JUNE 2002.



A. R. HILL
Director

REDCATS (BRANDS) LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 29th DECEMBER 2001

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention.

The principal accounting policies of the Company have not changed during the year.

a. **Tangible Fixed Assets**

Depreciation is provided to write off the cost in equal instalments over the estimated useful economic lives of the assets.

The rates of depreciation are as follows :

Plant and equipment between 10% and 50% per annum.

b. **Deferred taxation**

Deferred taxation has been provided at current and expected future corporation tax rates on all timing differences between the accounting and taxation treatment of income and expense to the extent that it is considered that these could become payable in the foreseeable future. Unprovided deferred taxation is disclosed as a potential liability.

c. **Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Cost is valued at actual purchase price.

d. **Catalogue costs**

The costs of catalogue production and printing are charged to the accounts as they are incurred, with the exception of certain marketing stock which is carried forward and matched against the relevant trading season.

e. **Leases**

Finance leases are capitalised and the resulting lease obligations are included in creditors. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term.

Operating lease rentals are charged against operating profits as they are incurred.

REDCATS (BRANDS) LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

f. Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from the employees' service.

The funding of the scheme is in accordance with the advice of professionally qualified actuaries.

g. Foreign exchange

Transactions denominated in foreign currencies are translated at the contracted rate or at the rate ruling at that date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
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1. Turnover and profit / (loss) on ordinary activities before taxation

The turnover (all of which arises in the United Kingdom) and profit / (loss) on ordinary activities before taxation are attributable to catalogue mail order retailing.

Net operating expenses:

Distribution costs	35,195	34,132
Administration expenses	55,382	67,995
	-----	-----
	90,577	102,127
	=====	=====

Operating profit / (loss) is stated after charging:

Depreciation - owned	2,020	1,921
- leased	641	790
(Profit) / loss on sale of fixed assets	(36)	60
Auditors' remuneration - audit	66	75
- other services	186	112
Hire of plant and machinery	856	749
Operating lease charges - other	975	1,130
	===	=====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
2. Interest receivable and similar income		
Amounts due from group companies	325	460
Other interest receivable	77	-
	-----	-----
	402	460
	===	===
3. Interest payable and similar charges		
Finance lease interest	237	267
Other interest payable	7	577
	-----	-----
	244	844
	===	===
4. Staff Costs		
Staff costs during the year including directors :		
Salaries and wages	32,653	36,199
Social security	2,167	2,023
Pension costs and life assurance	2,238	2,083
	-----	-----
	37,058	40,305
	=====	=====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

	Year ended 29 th December 2001	Year ended 30 th December 2000
4. Staff Costs (continued)		
The average number of employees was:	Number	Number
Sales and distribution	1,891	2,260
Administration	499	467
	-----	-----
	2,390	2,727
	=====	=====
Of these employees, 1,108 (30 th December 2000 : 1,037) were part time		
	£'000	£'000
Directors' emoluments during the year		
Management remuneration	1,387	1,129
	=====	=====
Remuneration of the highest paid director excluding pension contributions	268	274
	===	===

Six directors are members of a defined benefit pension scheme (year ended 30th December 2000 : six directors). The accrued pension benefit of the highest paid director at 29th December 2001 was £28,464 (year ended 30th December 2000 : £24,822).

The employer operates two pension schemes providing benefits based on final pensionable salary. The Redcats (UK) plc General Staff Retirement Benefit Scheme ("the Staff Scheme") and the Redcats (UK) Retirement Benefits Scheme for Executives ("the Executive Scheme"). The Schemes are funded with the assets being held by the Trustees separately from the assets of the employer. Pension costs are assessed by a qualified actuary and are charged to the Profit & Loss Account so as to spread those costs over the employees' working lives.

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

4. Staff Costs (continued)

The pension cost disclosed is based on a actuarial assessment of the Schemes. The most recent valuation of the schemes was carried out as at 6th April 1999. The results of the April 2002 valuation are not yet available. Both schemes' assets and liabilities were valued using a market related basis. The main assumptions used to determine the pension costs were a rate of investment return of 6.5% per annum before retirement and 5.5% after retirement, salary growth of 3.5% per annum and pension increases (reflecting LPI requirements) of 2.5% per annum. At that date, the market value of the assets of the two Schemes was £31,216,000 and the value of those assets represented 90% of the value of the benefits that had accrued to members after allowing for expected future increases in pensionable salaries.

Over the financial year, the employer contributed on average at the rates of 24% of Pensionable Salaries for the Executive Scheme and 12% of Pensionable Earnings for the Staff Scheme.

The pension cost for the employer for the financial year ending 29th December 2001 was £2,238,000 (2000 : £2,083,000). There is a provision of pension costs of £832,000 (2000 : £832,000) in the employer's balance sheet as at 29th December 2001, arising from the accumulated difference between contributions paid to the Scheme and the corresponding pension costs.

FRS 17

In November 2000 the Accounting Standards Board issued FRS 17 'Retirement Benefits' replacing SSAP 24 'Accounting for Pensions Costs'. FRS 17 is fully effective for periods ending on or after 22nd June 2003, though certain disclosures are required in the transition period, for periods ending on or after 22nd June 2001. These further disclosures are included below.

The actuarial valuation of the Staff and Executive Schemes was updated to 29th December 2001. The principal actuarial assumptions used as at 29th December 2001 are shown below.

Rate of increase in salaries	4.0% per annum
Discount rate for liabilities	6.0% per annum
Inflation assumption	2.5% per annum

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

4. Staff Costs (continued)

The assets and liabilities of the Schemes, along with the expected rates of return on Schemes' assets are shown below :

	29 th December 2001	
	%	£m
Equities	7.5	26,484
Bonds / gilts	5.2	6,773

Fair value of scheme assets		33,257
Present value of scheme liabilities		(47,805)

Surplus in the Scheme		(14,548)
Related deferred tax liability		4,364

Net pension liability		(10,184)
		=====

Had the company adopted FRS 17 early, Group profit and loss reserves would have been stated as follows :

	29 th December 2001 £m
Profit and loss reserve in the financial statements as at year end	1,255
Deficit in relation to the Staff and Executive Schemes, net of related deferred tax assets	(10,184)

Profit and loss reserve as adjusted	(8,929)
	=====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

4. **Staff Costs** (continued)

Potential volatility of FRS 17

The method for calculating the net pension asset under FRS 17 is likely to lead to volatility in the amount to be included in the balance sheet. Pension scheme liabilities are measured by reference to long term AA bond yield that can move substantially and rapidly according to market conditions. The yield on the AA bond index used fell in the range of 5.1% to 6.2% in the 12 months prior to the balance sheet date. The Schemes' assets, which principally comprise equities, are also subject to large market swings. During the year ended 29th December 2001 the FTSE All Share Index was between 20.7% higher and 15.7% lower than at the balance sheet date.

	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
5. Taxation		
U.K. corporation tax at 30% (Year ended 30 th December 2000 : 30%)	1,214	1,197
Prior year adjustments	147	-
	----- 1,361 =====	----- 1,197 =====

6. **Dividends**

No dividend has been proposed for the year (year ended 30th December 2000 : £2,039,000 (£20,390 per share)).

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

7. Tangible fixed assets

	Plant and Equipment £'000
Cost	
At 31 st December 2000	28,855
Additions	1,347
Disposals	(7,353)

At 29 th December 2001	22,849

Accumulated depreciation	
At 31 st December 2000	16,141
Provided during year	2,661
Released on disposal	(7,351)

At 29 th December 2001	11,451

Net book value at 29 th December 2001	11,398
	=====
Net book value at 30 th December 2000	12,714
	=====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

7. Tangible fixed assets (continued)

Included in plant and equipment at 29th December 2001 are assets held under finance leases:

£'000

Net book value (30th December 2000 :
£5,600,000)

4,960
====

Depreciation provided during the year (year
ended 30th December 2000 : £790,000)

641
===

8. Stocks

Stocks comprise of goods for resale. The directors consider that the replacement value of stock is not significantly different from the value shown in the balance sheet.

9. Debtors

	Year ended 29 th December 2001 £'000	Restated Year ended 30 th December 2000 £'000
Due within one year		
Trade debtors	155,933	160,166
Amounts due from parent company	1,019	33,221
Amounts due from fellow subsidiaries	5,287	4,211
Prepayments and accrued income/other debtors	3,820	3,843
	-----	-----
	166,059	201,441
Due after more than one year		
Trade debtors	1,699	1,814
	-----	-----
	167,758	203,255
	=====	=====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

9. Debtors: continued

The analysis of debtors and creditors falling due within one year (note 10) has been restated for the year ended 30th December 2000 to better reflect the nature of the factoring arrangements between Redcats (Brands) Limited and its sister company Redcats Finance Limited. In 2000 £161,980,000 of group debtors has been grossed up from amounts due to fellow subsidiaries and included in trade debtors. The total amount of net current liabilities remains unchanged and this has no impact on the profit or loss in the current or preceding financial year.

	Year ended 29 th December 2001 £'000	Restated (note 9) Year ended 30 th December 2000 £'000
10. Creditors: amounts falling due within one year		
Bank loans and overdrafts	337	3,964
Finance lease obligations	901	870
Trade creditors	9,567	8,968
Amounts due to fellow subsidiaries	143,815	168,186
Other taxation and social security	6,639	7,719
Corporation tax	3,799	2,729
Other creditors	33,137	34,543
Accruals and deferred income	9,183	9,207
Dividends proposed	-	2,039
	<hr/> 207,378 <hr/> =====	<hr/> 238,225 <hr/> =====

11. Creditors: amounts falling due after more than one year

Finance lease obligations :

Payable between one and two years	932	870
Payable between two and five years	1,958	2,919
Payable in more than five years	98	100
	<hr/> 2,988 <hr/> =====	<hr/> 3,889 <hr/> =====

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
12. Provisions for liabilities and charges		
Pension cost	832 ===	832 ===

The amounts of deferred tax unprovided in the financial statements are :

	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
Capital allowances in excess of depreciation	69	(24)
Other timing differences	(559) ----- (490) =====	(693) ----- (717) =====

	Year ended 29 th December 2001 £	Year ended 30 th December 2000 £
13. Called up share capital		
100 authorised shares of £1 each	100 ===	100 ===
100 ordinary shares of £1 each called up, allotted and fully paid	100 ===	100 ===

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

		£'000
14. Profit and loss account		
At 31 st December 2000		-
Retained profit for the year		1,255

At 29 th December 2001		1,255
		=====
15. Capital commitments		
	Year ended 29 th December 2001 £'000	Year ended 30 th December 2000 £'000
Contracted for but not provided in the financial statements	569	374
	===	===

Operating leases

At 29th December 2001 the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings £'000	Plant and Machinery £'000
Leases which expire :		
In one year or less	216	89
Between two and five years	114	358
In five years or more	377	43
	-----	-----
	707	490
	===	===

REDCATS (BRANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29th DECEMBER 2001

(Continued)

17. Cash flow statement

The Company has taken advantage of the exemption contained in FRS 1 not to publish its own cash flow statement as it is a wholly owned subsidiary of Pinault Printemps-Redoute S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

18. Related party transactions

The company has taken advantage of the exemption contained in FRS 8 not to publish details of related party transactions with other group companies as it is a wholly owned subsidiary of Pinault Printemps-Redoute S.A.

19. Ultimate parent company

The Company is a wholly owned subsidiary of REDCATS (UK) plc, which is registered in England and Wales.

The Company's ultimate parent company and ultimate controlling party is Pinault Printemps-Redoute S.A., which is incorporated in France.

Copies of the group accounts of Pinault-Printemps-Redoute S.A. are available from the Company Secretary, REDCATS (UK) plc, 18 Canal Road, Bradford, West Yorkshire, BD99 4XB.